

# The Effect Of Forensic Audit, Investigative Audit Professional Judgment On Fraud Disclosure With Spiritual Intelligence As A Moderating Variable

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## Abstract

**Background:** Economic fraud is a rampant thing in Indonesia, one form of fraud is corruption. The rapid development of technology today and the complexity of the tricks of fraud are great challenges and responsibilities for auditors, especially government auditors. Forensic audits, investigative audits, professional judgment must be further improved. The spiritual intelligence of auditors is also one of the supports in disclosing fraud.

**Purpose:** This study aims to examine the effect of forensic audit, investigative audit and professional judgment on fraud disclosure with spiritual intelligence as a moderating variable.

**Methodology:** Sampling using non probability sampling technique and data analysis using Structural Equation Modeling Based Component approach with the help of LISREL 8.70 program. Data were collected from BPK XYZ auditors to analyze the relationship between these factors and the extent to which spiritual intelligence moderates their influence.

**Results:** The results of this study indicate that forensic audit, investigative audit and professional judgment have a positive and significant effect on fraud disclosure. Spiritual intelligence is not able to moderate forensic audit, investigative audit and professional judgment on fraud disclosure.

**Keywords:** *Forensic Audit, Fraud Disclosure, Professional Judgment, Spiritual Intelligence.*

## I. INTRODUCTION

The Supreme Audit Agency (BPK) of the Republic of Indonesia is a state institution in Indonesia that is responsible for examining the management and responsibility of state finances carried out by the central government, local governments, other state institutions, Bank Indonesia, State-Owned Enterprises (BUMN), Public Service Agencies, Regional-Owned Enterprises, and other institutions or bodies that manage state finances. BPK has the authority to determine the object of the audit, plan and conduct the audit, and prepare the audit report.

Indonesia Corruption Watch (ICW) shows that in 2021 there were 533 cases of corruption with losses of 62.9 trillion and in 2022 there were 579 cases of corruption in Indonesia with losses of 48.8 trillion (<https://antikorupsi.org/>). The following table shows the Corruption Perception Index (CPI) in Indonesia from 2016 to 2022 compared to countries in Southeast Asia.

**Tabel 1.1 CPI (2016-2022) Indonesia dan Asia Tenggara**

No.	Rank	Country	Score Corruption Perceptions Index						
			2022	2021	2020	2019	2018	2017	2016
1	5/180	Singapura	83	85	85	85	85	84	84
2	61/180	Malaysia	49	47	47	53	51	48	47
3	110/180	Indonesia	34	38	37	40	38	37	37
4	116/180	Philippines	33	33	34	34	36	34	35
5	101/180	Thailand	36	35	36	36	36	37	35

No.	Rank	Country	<i>Score Corruption Perfections Index</i>						
			2022	2021	2020	2019	2018	2017	2016
6	77/180	Timor Leste	42	41	40	38	35	38	35
7	77/180	Vietnam	42	39	36	37	33	35	33
8	126/180	Laos	31	30	29	29	29	29	30
9	157/180	Myanmar	23	28	28	29	29	30	28

Sumber: (<http://www.transparency.org>) processed, 2023

One strategy used to prevent and detect instances of fraud involves the practice of forensic and investigative auditing. This process entails conducting accounting audits and taking the matter to court. The application of forensic and investigative auditing is a convergence of knowledge from the fields of auditing, accounting, and law. Forensic audit emphasizes more on the process of searching for evidence and assessing the suitability of the evidence or audit findings with the required evidentiary measures and is an extension of the application of standard audit procedures towards the collection of evidence for trial needs in court (Lidyah, 2016). The investigative audit (Tuanakotta, 2010) is an audit procedure or steps by applying techniques to find fraudsters who will be brought to court.

The auditor's decision to collect and evaluate audit evidence is influenced by two factors, namely the auditor's experience in performing audit tasks and his professional judgment. The task of an auditor is to make an assessment or judgment on financial statements and various fraud that appears in financial statements and so on. Therefore, an auditor to carry out his work properly and correctly so as to gain public trust.

The performance of an auditor has received a lot of attention from the general public due to major scandals in developed and developing countries. One of the factors that support auditor performance is spiritual intelligence. Spiritual intelligence is someone who has the ability to place themselves and be able to accept other people's opinions openly, regulate moods and keep stress from paralyzing the ability to think, empathize and pray (Santikawati, 2016). People who have intelligence, be it intellectual intelligence or emotional intelligence, will be less perfect if they do not have spiritual intelligence.

Research conducted by Lutfi (2023), Dianto (2023), Mulyadi and Nawawi (2020) that the results of their research show that forensic audits have a positive and significant effect on fraud disclosure. Meanwhile, these results are inconsistent based on research conducted by Achyarsyah and Rani (2018) and Wahyuadi and Jaeni (2022) which state that forensic audits have no effect on fraud disclosure.

Research conducted by Lutfi (2023), Dianto (2023), Rahmayani (2014) shows that investigative audits have a positive and significant effect on fraud disclosure. Meanwhile, research conducted by Enrika (2020) shows that investigative audits have no effect on fraud disclosure.

Research conducted by Mulyadi and Nawawi (2020), Wulandari and Nuryanto (2018) and Wijaya (2020) shows that Professional Judgment has a positive effect on fraud disclosure. However, research conducted by Larasati et al (2020), Durnila and Santoso (2018) and Edrik (2022) shows that Professional Judgment has no effect on fraud disclosure.

## II. METHODOLOGY

This study uses a type of quantitative research with the formulation of associative problems and with a research design or causal relationship approach and is descriptive quantitative in nature to explain the data obtained from the results of the distributed instruments. The sample technique used in this study was non probability sampling with a sample size of 128 auditors at BPK XYZ Province.

## III. RESULTS AND DISCUSSION

### ● Result of Validity Test

The validity test is a procedure to ascertain whether the questionnaire that will be used to measure the research variables is valid or not. The questionnaire can be said to be valid if the statements on the questionnaire are able to reveal something that is measured by the questionnaire. To find out the statement

item is valid by using the loading value  $\geq 0.50$ . The results of the data validity test in this study can be seen in table 2 below.

**Tabel 2.1 Result Validity Test**

<b>Variabel</b>	<b>Item</b>	<b>Loading Factor</b>	<b>Cut Off</b>	<b>Information</b>
<b>Forensic Audit</b>	X1.1	0.53	$\geq 0.50$	Valid
	X1.2	0.64	$\geq 0.50$	Valid
	X1.3	0.62	$\geq 0.50$	Valid
	X1.4	0.73	$\geq 0.50$	Valid
	X1.5	0.81	$\geq 0.50$	Valid
<b>Investigative Audit</b>	X2.1	0.61	$\geq 0.50$	Valid
	X2.2	0.71	$\geq 0.50$	Valid
	X2.3	0.74	$\geq 0.50$	Valid
	X2.4	0.76	$\geq 0.50$	Valid
	X2.5	0.65	$\geq 0.50$	Valid
	X2.6	0.68	$\geq 0.50$	Valid
	X2.7	0.66	$\geq 0.50$	Valid
	X2.8	0.72	$\geq 0.50$	Valid
	X2.9	0.74	$\geq 0.50$	Valid
	X2.10	0.76	$\geq 0.50$	Valid
	X2.11	0.77	$\geq 0.50$	Valid
	X2.12	0.76	$\geq 0.50$	Valid
<b>Professional Judgment</b>	X3.1	0.79	$\geq 0.50$	Valid
	X3.2	0.74	$\geq 0.50$	Valid
	X3.3	0.65	$\geq 0.50$	Valid
	X3.4	0.69	$\geq 0.50$	Valid
	X3.5	0.68	$\geq 0.50$	Valid
	X3.6	0.70	$\geq 0.50$	Valid
<b>Spiritual Intellegence</b>	M1	0.58	$\geq 0.50$	Valid
	M2	0.60	$\geq 0.50$	Valid
	M3	0.80	$\geq 0.50$	Valid
	M4	0.75	$\geq 0.50$	Valid
	M5	0.68	$\geq 0.50$	Valid
<b>Fraud Disclosure</b>	Y1	0.59	$\geq 0.50$	Valid
	Y2	0.61	$\geq 0.50$	Valid
	Y3	0.61	$\geq 0.50$	Valid
	Y4	0.67	$\geq 0.50$	Valid
	Y5	0.86	$\geq 0.50$	Valid

Source: Data diolah, 2023

- Table 2.1 shows that all statement items have a positive correlation coefficient value greater than 0.50. This means that the data obtained is valid and further testing can be carried out.
- Result of Realibility Test

The reliability test is used to measure a questionnaire which is an indicator of a variable or construct. A questionnaire is considered reliable or reliable if a person's answer to a statement is consistent or stable over time. The data reliability test was carried out using the Alpha 'Cronboach method, namely an

instrument is said to be reliable if it has a reliability coefficient of 0.70 or more. The results of data reliability testing can be seen in the following table.

**Tabel 2.2 Result Reliability Test**

No	Variabel	CR	Information
1	Audit Forensik	0.80	Valid
2	Audit <i>Investigative</i>	0.93	Valid
3	<i>Professional Judgment</i>	0.85	Valid
4	Kecerdasan Spiritual	0.80	Valid
5	Pengungkapan <i>Fraud</i>	0.81	Valid

Sumber : Data processed, 2023

- Table 2.2 above shows that the Cronbach's alpha value of all variables is greater than 0.70 so it can be concluded that the instrument from the questionnaire used to explain the forensic audit, investigative audit, professional judgment, spiritual intelligence, and fraud disclosure variables is declared reliable or can be trusted as a variable measuring instrument.

- Result of Goodnes of fit

The Goodnes Of Fit criteria test is used to evaluate structural models and measurement models. Besides that, it provides a simple measurement for the overall prediction of the model (Ghozali & Latan, 2012). The goodness of fit test or model feasibility test is used to measure the accuracy of the sample regression function in estimating the actual value. Statistical calculations are called statistically significant if the statistical test value is within the critical (the area where  $H_0$  is rejected). The statistical calculation is called significant if the statistical test value is in the area where  $H_0$  is accepted.

Goodness of Fit Statistics

Degrees of Freedom = 0

Minimum Fit Function Chi-Square = 0.00 (P = 1.00)

Normal Theory Weighted Least Squares Chi-Square = 0.00 (P = 1.00)

**The Model is Saturated, the Fit is Perfect !**

Time used: 0.016 Seconds

From the data above, it can be concluded that the data strongly supports the model to conduct structural research tests, where all indicators show a good fit.

The description of the results of the research hypothesis significance test based on the structural model test is as follows:

- Forensic audit has a positive effect on fraud disclosure.

Hypothesis testing 1, namely forensic audit, shows the t value of 3.95 where  $t \geq 1.96$ . This shows that forensic audit (X1) has a positive effect on fraud disclosure. So that the first hypothesis in this study is accepted.

- Investigative audits have a positive effect on fraud disclosure.

Hypothesis testing 2, namely investigative audits, shows the t value of 4.58 where  $t \geq 1.96$ . This shows that investigative audit (X2) has a positive effect on fraud disclosure. So that the second hypothesis in this study is accepted.

- Professional judgment has a positive effect on fraud disclosure.

Hypothesis testing 3, namely professional judgment, shows the t value of 3.57 where  $t \geq 1.96$ . This shows that professional judgment (X3) has a positive effect on fraud disclosure. So that the third hypothesis in this study is accepted.

4. Spiritual intelligence can moderate forensic audit on fraud disclosure.

Hypothesis testing 4, namely spiritual intelligence as moderation of forensic audits on fraud disclosure, shows a calculated t value of -0.47 where  $t \geq 1.96$ . This shows that spiritual intelligence has no positive effect in moderating forensic audits on fraud disclosure (M1). So that the fourth hypothesis in this study is rejected.

5. Spiritual intelligence can moderate investigative audits on fraud disclosure.

Testing hypothesis 5, namely spiritual intelligence as moderation of investigative audits on fraud disclosure, shows a calculated t value of -0.35 where  $t \geq 1.96$ . This shows that spiritual intelligence has no positive effect in moderating investigative audits on fraud disclosure (M2). So that the fifth hypothesis in this study is rejected.

6. Spiritual intelligence can moderate professional judgment on fraud disclosure

Hypothesis testing 6, namely spiritual intelligence as moderation of professional judgment on fraud disclosure, shows a loading factor value of -0.34 where  $t \geq 1.96$ . This shows that spiritual intelligence has no positive effect in moderating professional judgment on fraud disclosure (M3). So that the sixth hypothesis in this study is rejected.

#### IV. CONCLUSIONS AND NEWNESS

Based on the previous description, the following conclusions can be concluded:

1. Forensic audit has a positive influence on fraud disclosure. This is caused by auditors who have experience and perceptions in carrying out their duties. The occurrence of very complex fraud problems, irregularities and violations that occur will have major consequences and ultimately can harm themselves, organizations and many parties. Therefore, forensic auditing is the most efficient, effective and accurate way to reduce and reveal fraud.
2. Investigative audits have a positive influence on fraud disclosure. This is because the implementation of investigative audits is carried out as a regressive measure to deal with fraud that occurs. Professional Judgment mempunyai pengaruh positif terhadap pengungkapan fraud.
3. Professional Judgment is needed in disclosing fraud, because the higher the professionalism of an auditor, the more guaranteed audit freedom.
4. Spiritual Intelligence cannot moderate forensic audits, investigative audits, and professional judgment. This is because an auditor's obedience in terms of worship and behavior in doing good things does not affect his performance as an auditor.

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